

# Success Story: Airline Segmentation Model

*Flight Patterns – driving relevant communications to FFP customers*

## Background



Cogent Analytics has worked with numerous airline clients and has developed industry-standard segmentation and data models for a number of Frequent Flyer Programs.

One such model was created for Air New Zealand, which segmented individual Airpoints members across key airline industry drivers – Yield, Frequency, Product, Distance and activity patterns, meaning at the lowest level members could appear in one of over 100 distinct segments.

The segmentation model was used to drive highly-targeted communications, research cell selection and aid internal understanding of the FFP base.

A further iteration of this segmentation model was designed for a major global airline alliance network, to incorporate insight into the level to which members of individual FFP programs are engaged with the wider alliance network.

## Airline Alliance Segmentation Model

Involvement	Program Relationship Segment	Married (5+partners)	Engaged (4 partners)	Dating (2 to 3)	Just Met (0 to 1)
Value	Yield Segment	Elite (Top 5%)	High (75%+)	Mid (40%+)	Low (0 - 40%)
	Frequency Segment	Elite (Top 5%)	High (75%+)	Mid (40%+)	Low (0 - 40%)
Behaviour/ Needs	Journey Type Segment	% of LH/SH/MH % of Full Econ/Disc Econ/Bus/First			
	Seat Type Segment				
Recency	Activity Status	Last Active < 6 months	< 6 to 18 months ago	< 18 to 24 months ago	+ 24 months ago
Geography	Local Market Segment	Americas	EMEA	AsiaPac	Row

The idea behind the model is to identify and understand separate customer groups who can all be communicated to separately. Each customer segment has different behaviours and needs from the airline, and so need different marketing communications. By creating a customer segmentation, Air New Zealand were able to send targeted, relevant offers and messages to each of their FFP customers.

The model segments customers into groups, according to a number important areas of engagement with the airline.

These include how many flights that they have taken, where they live and their value. Customers were also segmented according to the cabin class they booked and how far the journey was. When all of this information is combined, it provides an overall customer segment that indicates the relationship that the customer currently has with the airline.

The objective is to move customers from the low value, less frequent flying segments into more frequent flying, higher value segments.



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